

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE 1 OF 7 PAGES
2. AMENDMENT/MODIFICATION NO. <b>0008</b>	3. EFFECTIVE DATE <b>October 14, 2004</b>	4. REQUISITION/PURCHASE REQ. NO. <b>N/A</b>	5. PROJECT NO. (If applicable) <b>N/A</b>
6. ISSUED BY <b>Defense Logistics Agency Defense Supply Center Philadelphia ATTN: DSCP-MGBA, W. DiLauro 700 Robbins Avenue Philadelphia, PA 19111-5096</b>		7. ADMINISTERED BY (If other than Item 6) CODE <b>SC0200</b>	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)		(X)	9A. AMENDMENT OF SOLICITATION NO.
			9B. DATED (SEE ITEM 11)
		X	10A. MODIFICATION OF CONTRACT/ORDER NO- <b>SP0200-04-R-1606</b>
			10B. DATED (SEE ITEM 13) <b>29 April 2004</b>
CODE	FACILITY CODE		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☒ The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers ☒ is extended, ☐ is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning one copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X)	A. THIS CHANGE IS ISSUED PURSUANT TO: (Specify authority). THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. Other (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☐ is required to sign this document and return \_\_\_\_\_ copies to the issuing office.

**14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)**

**This Amendment should be signed and returned, by the closing date October 27, 2004 to the address listed on Page 2 of this solicitation.**

**See Pages 2 through 7 of this amendment for changes to the solicitation.**

Except as provided herein, all items and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or Print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
15B. CONTRACTOR/OFFEROR  <i>(Signature of person authorized to sign)</i>	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA  BY <i>(Signature of Contracting Officer)</i>	16C. DATE SIGNED

**1. Award Limitation Clarification.**

As stated on page 232 of the solicitation, in order to ensure the continuous availability of reliable sources of pharmaceuticals to satisfy the Military Services' critical needs for medical supplies in peacetime and in the event of contingencies and mobilizations, the Government intends to limit the number of awards that an offeror can receive for the Primary Supplier requirements for the DSCP Southeast, Gulf South, Southwest, Northeast, Mid-Atlantic, Heartland, Central, Southern California, Golden Gate, Northwest, Alaska, and Hawaii Regions. The Government intends to make awards to a minimum of two different contractors for the Primary Supplier requirements covering the above 12 DSCP Regions.

In furtherance of the above objective, although offerors will be permitted to compete for any or all of the above 12 DSCP Regions, the Government intends to limit the total award value to any one offeror to approximately 2/3 to 3/4 of the total estimated sales volume for the 12 DSCP Regions cited above, unless only one acceptable offer is received and/or the remaining offer(s) for the above Regions are unacceptable for award based on technical capability and/or price.

**2. Consideration of Alternate Offers.**

Offerors are advised that alternate offers will now be considered for award by the Government under this solicitation. However, as stated above, it is still the intention of the Government to issue a minimum of two Primary Supplier awards for the following 12 DSCP PPV Regions—Southeast, Gulf South, Southwest, Northeast, Mid-Atlantic, Heartland, Central, Northwest, Golden Gate, Southern California, Alaska and Hawaii. One offeror will not be awarded the Primary Supplier requirements for all of the 12 DSCP Regions or all of the three TRICARE Regions unless only one acceptable offer is received in response to our solicitation for all of the 12 DSCP PPV Regions or three TRICARE Regions and/or the remaining price offer(s) is/are considered unreasonable.

**3. Averaging of Price Offers.**

It is the Government's intention to average the price offers of an offeror who has been selected for an award. The Government will make its award selections based on offerors' responses to our Request for Final Proposal Revisions. If an offeror is selected for award for more than one DSCP region and/or TRICARE region and has cited different distribution fees for those regions, the Government will calculate an average distribution fee for all of the regions for which the firm has been selected as the awardee. Average fees will only be calculated for the regions' normal day-to-day requirements within the regions for which it has been previously selected for award. Separate average fees will be calculated for the base ordering periods and option ordering periods. The calculated average fee will be cited in the eventual contract awards in lieu of the offeror's final price offers. The Government will not calculate average fees for any of the Surge, Deferred Procurement Program or War Readiness Materiel requirements or Navy Fleet option within the regions that are awarded to an offeror. The Government believes that this will result in no net increase or decrease in overall costs to either the offeror or Government.

Example: An offeror submits the following final distribution fees for three of the regions cited in the solicitation and is selected for award of all three regions:

Regions	Base Ordering Period			Option Ordering Period		
	Value of Normal Day-to-Day Purchases	Fee (%)	Value of Fee (\$)	Value of Normal Day-to-Day Purchases	Fee (%)	Value of Fee (\$)
Southeast	\$ 595,000,000	-1.15	-6,842,500	\$ 595,000,000	-1.25	-7,437,500
TRICARE North	\$1,548,000,000	-2.50	-38,700,000	\$1,548,000,000	-2.60	-40,248,000
Hawaii	\$ 70,000,000	-2.05	-1,485,000	\$ 70,000,000	-2.20	-1,540,000
Totals	\$2,213,000,000		-47,027,500	\$2,213,000,000		-49,225,500

The Average Fee for the base ordering period and the option ordering period would then be calculated separately using the following formula:

	<u>Total Value of Fee</u>	÷	<u>Total Normal Day-to-Day Purchases</u>	=	<u>Average Fee</u>
Base Period:	-\$47,027,500	÷	\$2,213,000,000	=	-0.02125 or -2.13% (rounded)
Option Period:	-\$49,225,500	÷	\$2,213,000,000	=	-0.02224 or -2.22% (rounded)

Based on the above calculation for the base ordering period, the Government would cite a contractual distribution fee of -2.13% for all three regions' normal day-to-day requirements in lieu of the -1.15%, -2.50% and -2.05% proposed by the offeror. For the option ordering period, the Government would cite a contractual distribution fee of -2.22% for all three regions' normal day-to-day requirements in lieu of the -1.25%, -2.60% and -2.20% proposed by the offeror. The Government will recalculate the average fee if one or more of the contracts are terminated or the options are not exercised on all contracts.

NOTE: "Averaging of Price Offers" provision applies only to the Primary Supplier requirements for the 12 DSCP regions and/or TRICARE regions. This would exclude the Designated Provider and "Other" Organizations regions from being included into the calculation of an average. For example, if one firm received TRICARE North & South plus the Designated Provider and "Other" Organizations Regions, DSCP would only calculate an average for the TRICARE regions not the Designated Provider and "Other" Organizations Region.

#### **4. New Line Item—Army Surge—Northeast Region.**

To correct an omission in the solicitation, the following line items are hereby established for the Army Surge requirements contained in the Northwest Region: #0012DA & #0012EA (for base ordering period) and #0012DB & #0012EB (for option ordering period) as shown on the attached solicitation replacement page 7B.

#### **5. Deletion of Marine Corps Surge.**

All requirements and references concerning Marine Corps Preplanned Surge appearing in the solicitation are hereby deleted in their entirety. Based on the preceding, the following line items listed in the solicitation covering the Marine Corps Surge are hereby deleted in their entirety: #0006HA, #0006HB, #0006JA and #0006JB (Mid-Atlantic Region) and #0008HA, #0008HB, #0008JA and #0008JB (Tricare North Region).

#### **6. Deletion of Naval Construction Battalion Center (CBC) Surge.**

All requirements and references concerning the Naval Construction Battalion Center (CBC) Surge appearing in the solicitation are hereby deleted in their entirety. Since no line items were listed in the solicitation for the CBC Surge no additional line items need be deleted. However, enclosures #18 and #19 to the solicitation, which were added via Amendment 0002, are hereby deleted in their entirety.

#### **7. Updated Estimated Sales.**

Page 234 of the solicitation (Estimated Sales, by Region, per 2½ Year Contract Period) is updated to remove the sales figures for the Marine Corps Surge requirements, which have been deleted from the solicitation. A copy of the updated replacement page 234 is attached to this amendment and replaces all previous versions.

#### **8. Statement of Work (SOW) Revisions.**

*SOW Paragraph 14. Discrepant Orders & Credit Accounts (a) (page 29 of the solicitation) is hereby revised to include the following paragraph (ix):*

“(ix) Non-returnable products. The Contractor shall notify the customers of any products that the customer orders, which have a non-returnable policy from the manufacturer or supplier.”

*The following changes are hereby made to SOW Section 14(c), beginning on Page 29 of the solicitation. Changes are indicated in underlined text. Omitted paragraphs contain no changes.*

#### **(c) Credit Accounts.**

**(iv) Unliquidated Credit Account Balances.** The contractor shall report to the customer and the DSCP Contracting Officer the unliquidated credit account balance each month. In the event that any credit amount remains unliquidated for 181 calendar days the contractor shall refund this amount in the form of a check payable to the United States Treasury. The check shall be mailed to the DFAS

office shown on the resulting award document; copies of the check or vouchers shall be provided to the DSCP Contracting Officer.

**(vi) Pharmaceutical Returns Management Program (PRMP) Credits.** DSCP currently has a "pharmaceutical returns" contract with Guaranteed Returns, 100 Colin Drive, Holbrook, NY 11741-4308. A copy of the contract is available at the following web address: <http://dmmonline.dscp.dla.mil/pharm/returnprog.asp>. The contract covers the processing of returnable pharmaceuticals and the disposal of non-returnable pharmaceuticals owned by MTFs. The PRMP contract includes a fee to cover the PRMP contractor's costs for processing returnable pharmaceuticals to the manufacturer or for the disposal of non-returnable pharmaceuticals. The processing of returns by Guaranteed Returns, on behalf of a MTF, may result in the granting of credits by pharmaceutical manufacturers to the MTF or may result in the assessment of disposal costs by the PRMP contractor.

**NOTE:** This is not a mandatory contract. MTFs may use the Guaranteed Returns contract at their discretion, and may contract for the use of other than the DSCP PRMP contractor as their "reverse distributor". However, the Prime Vendor shall not make payments to a reverse distributor contractor, other than the DSCP PRMP contractor, out of the MTF's credit account unless the Prime Vendor has received authorization from DSCP to do so. DSCP will grant authorization only after receiving a copy of a valid contract between the MTF and a reverse distributor. A valid contract cannot pay for a service prior to the service being completed. MTFs should be instructed to fax a copy of their reverse distributor contract to their DSCP Contracting Officer, or to the PRMP POC, Vincent Valinotti, at (215) 737-2840. Mr. Valinotti may be reached at (215) 737-4149 or email at [vincent.valinotti@dlamail](mailto:vincent.valinotti@dlamail).

**(vii) Manufacturers' Credits.** If credits are granted in accordance with DSCP's PRMP contract, or any other contract between an MTF and a reverse distributor, the pharmaceutical manufacturers will advise the DSCP pharmaceutical PS or SS of the amount of the credit. The PS and SS are authorized and agree to post such credits to the MTF's credit account, less the applicable fee as cited in the PRMP contract, as billed by the PRMP contractor or other reverse distributor contractor. The PS or SS shall not release funds to the reverse distributor to pay the applicable fee until the credits for the returned goods are received from the manufacturer. Federal contract law prohibits the Government from paying for a service before the service is performed. Since part of the service that the reverse distributor must perform is the tracking of all returns until credit is received from the manufacturer, the Government shall not permit releasing funds to the reverse distributor until the entire service is performed.

**(viii) PRMP or Other Reverse Distributor Contractor's Disposal Costs.** If the pharmaceuticals are non-returnable, the PRMP contractor or other reverse distributor contractor will dispose of the materiel and advise the PS or SS of the amount of the disposal costs. For materiel disposed of under DSCP's PRMP contract or other reverse distributor contractor, the PS or SS are authorized and agree to deduct the PRMP or other reverse distributor contractor's disposal costs from the customer's credit account, provided the following conditions are met:

A. The PS or SS contractor has received an invoice for the disposal costs from the MTF's pharmaceutical returns contractor; and

B. The MTF has authorized deduction of the disposal costs from its credit account.

C. The PS or SS shall only release a payment to the MTF's reverse distributor contractor if there are sufficient funds in the MTF's credit account to cover the cost. Under no circumstances shall the PS or SS allow the balance of the MTF's credit account go to a negative balance.

**Note:** It is anticipated that most, if not all, of the credits and/or disposal costs/fees incurred as a result of DSCP's PRMP contract or other reverse distributor contracts will involve the credit accounts established under the PS' contract. During the term of the PS and SS contracts, the Government reserves the right to change the PRMP contractor and will advise the PS and SS of any such change.

*The following additional section is hereby added to the end of SOW Section 14(c) as 14(c)(x).*

**(x) Credit Account Reporting.** For each credit account, the PV shall provide a monthly report detailing all activity in the MTF's credit account during the reported period. The report shall be

provided to the MTF and to the DSCP Contracting Officer in electronic format, and shall include the following fields:

Date  
 NDC (if applicable)  
 Dollar Amount  
 Contract Number  
 Call Number  
 Customer ID  
 Credit Memo Number  
 Type of Credit Code \*  
 Reason for Credit  
 PV Comments/Notes

\* The "Type of Credit Code" field will be populated with one of the following codes. The PV may propose additional codes, prior to utilizing the code, to the Contracting Officer.

<u>CODE</u>	<u>REASON</u>
DS	Credit resulting from DSCP Price Adjudication
MC	Manufacturer Credit
MR	Merchandise Return from MTF to PV
RB	Rebate
GR	Credit Processed from Guaranteed Returns
OR	Credit Processed from other Reverse Distributor
MI	Miscellaneous
XP	Purchase against Credit Account (Debit)
XG	Payment to Guaranteed Returns (Debit)
XR	Payment to other Reverse Distributor (Debit)
XM	Miscellaneous Debit Transaction

In addition to the above information, the monthly Credit Account report shall contain a summary for the reported month, showing at a minimum the following information:

Beginning account balance  
 Credits processed into account  
 Debits processed against account  
 Ending account balance

The report shall also summarize the amount of available credit broken down into the length of time the MTF has had the credit in their credit account (i.e. 0-60 days; 61-120 days; and 121-180 days) to assist the MTF in ensuring that they use the credit when it expires on the 181<sup>st</sup> day.

*The following changes are hereby made to SOW Section 18(b)(v)c., on Page 45 of the solicitation.*

**c. Emergency Preparation.** Upon specific request of the customer, the PS must ensure the shipment is properly packed, marked and labeled for shipment, and available within 8 hours of receipt of order, for pick-up by a designated transportation carrier. The customer will designate and arrange for the carrier to pick up the material. If the WRM order will be shipped to an OCONUS location, the "Ship To" address will be the Medical Air Bridge, and the "Mark For" address will be the OCONUS customer.

**9. All other provisions, terms and conditions of the solicitation remain unchanged.**

**The Government will conduct discussions and negotiations with all offerors within the competitive range after close of the solicitation.**

Solicitation No.: SP0200-04-R-1606

Replacement Page 7B

*Schedule of Supplies/Services*

REGION AND ORDERING PERIOD	Requirements	Primary Supplier		Secondary Supplier	
Northwest Base Period	Day-to-day	0012AA		0012SA	%
	Army Surge	0012DA	%		
	- Additional Charges	0012EA	\$		
	Air Force DPP	0012FA	%		
	- Additional Charges	0012GA	\$		
	WRM	0012KA	%		
	- Additional Charges	0012LA	\$		
	Navy Fleet	0012MA	%		
	- Additional Charges	0012NA	\$		
Northwest Option Period 1	Day-to-day	0012AB		0012SB	%
	Army Surge	0012DB	%		
	- Additional Charges	0012EB	\$		
	Air Force DPP	0012FB	%		
	- Additional Charges	0012GB	\$		
	WRM	0012KB	%		
	- Additional Charges	0012LB	\$		
	Navy Fleet	0012MB	%		
	- Additional Charges	0012NB	\$		
Alaska Base Period	Day-to-day	0013AA	%	0013SA	%
	Army Surge	0013DA	%		
	- Additional Charges	0013EA	\$		
Alaska Option Period 1	Day-to-day	0013AB	%	0013SB	%
	Army Surge	0013DB	%		
	- Additional Charges	0013EB	\$		
Hawaii Base Period	Day-to-day	0014AA	%	0014SA	%
	Army Surge	0014DA	%		
	- Additional Charges	0014EA	\$		
	Navy Fleet	0014MA	%		
	- Additional Charges	0014NA	\$		
Hawaii Option Period 1	Day-to-day	0014AB	%	0014SB	%
	Army Surge	0014DB	%		
	- Additional Charges	0014EB	\$		
	Navy Fleet	0014MB	%		
	- Additional Charges	0014NB	\$		

## Solicitation No. SP0200-04-R-1606

## Replacement Page 234

## 52.212-2 EVALUATION – COMMERCIAL ITEMS (JAN 1999) TAILORED

	Estimated Sales per 2 ½ Year Contract Period (millions)						Estimated 5-year Total \$ Value (million)
	PS	SS	WRM	Surge	Deferred Procure- ment	Navy Fleet	
<b>Regions</b>							
Southeast	\$ 595.0	\$ 5.95	\$25.0	\$22.310	\$0.315	\$1.00	\$1,299.150
Gulf South: Puerto Rico:	\$ 364.0	\$ 3.64	\$25.0	\$22.310	\$0.431	\$0.125	\$833.032
	\$ 1.0	\$ 0.01	0	0	0	0	
Southwest	\$ 650.0	\$ 6.50	\$25.0	\$22.310	\$1.377	\$0.25	\$1,410.874
<b>TRICARE South Totals</b>	<b>\$1,610.0</b>	<b>\$16.10</b>	<b>\$75.0</b>	<b>\$66.930</b>	<b>\$2.123</b>	<b>\$1.375</b>	<b>\$3,543.056</b>
Northeast:	\$ 725.0	\$ 7.25	\$25.0	\$36.965	\$0.484	\$0.375	\$1,606.308
DSCP DVD Orders:	\$ 8.0	\$ 0.08	0	0	0	0	
Mid-Atlantic	\$ 480.0	\$ 4.80	\$25.0	\$36.965	\$0.240	\$8.25	\$1,110.510
Heartland	\$ 335.0	\$ 3.35	\$25.0	\$36.965	\$0.634	0	\$801.898
<b>TRICARE North Totals</b>	<b>\$1,548.0</b>	<b>\$15.48</b>	<b>\$75.0</b>	<b>\$110.895</b>	<b>\$1.358</b>	<b>\$8.625</b>	<b>\$3,518.716</b>
Central	\$ 535.0	\$ 5.35	\$18.75	\$16.397	\$0.474	0	\$1,151.942
Southern California	\$ 245.0	\$ 2.45	\$18.75	\$16.397	\$0.102	\$8.50	\$582.398
Golden Gate	\$ 110.0	\$ 1.10	\$18.75	0	\$0.798	0	\$261.296
Northwest	\$ 195.0	\$ 1.95	\$18.75	\$16.397	\$0.038	\$3.00	\$470.270
Alaska	\$ 40.0	\$ 0.40	0	\$8.1985	0	0	\$97.197
Hawaii	\$ 70.0	\$ 0.70	0	\$8.1985	0	\$2.00	\$161.797
<b>TRICARE West Totals</b>	<b>\$1,195.0</b>	<b>\$11.95</b>	<b>\$75.0</b>	<b>\$65.588</b>	<b>\$1.412</b>	<b>\$13.50</b>	<b>\$2,724.900</b>
Upper Prairie (small business set-aside)	\$ 18.0	0	0	0	0	0	\$36.00
<b>CONUS-wide Regions</b>							
“Designated Providers”	\$177.50	\$ 1.775	0	0	0	0	\$358.55
“Other” Organizations	\$ 110.0	\$ 2.00	0	0	0	0	\$224.00
<b>Total</b>	<b>\$4,685.5</b>	<b>\$47.305</b>	<b>\$225.0</b>	<b>\$243.413</b>	<b>\$4.893</b>	<b>\$ 23.50</b>	<b>\$10,405.222</b>

No guarantee is given that the above volumes will be purchased. Due to changing world conditions, the Department of Defense cannot predict with any certainty if or how often orders for the Preplanned Surge, Deferred Procurement, and/or WRM requirements will be placed with the Primary Suppliers; therefore, offerors should take this into consideration when determining their distribution fee for the Surge, Deferred Procurement, and WRM requirements. Estimated Sales figures for Preplanned Surge, Deferred Procurement, and WRM requirements are each based on one exercise of each of these programs per contract period.

**(i) Primary Supplier Price Offers.**

**Southeast Region**—The Government will evaluate price offers for the Primary Supplier requirements for this region by:

- (1) Multiplying the Government’s estimated 30-month Primary Supplier sales volumes for the normal day-to-day, Army Preplanned Surge, WRM, and Navy Fleet requirements for the